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**ARIZONA CORPORATION COMMISSION**

Brian C. McNeil  
Executive Secretary

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September 20, 2004

Mr. William Post, President  
Arizona Public Service  
P. O. Box 53999  
Mail Station 9036  
Phoenix, AZ 85072

Re: Avis Read Complaint; docket # E-01345A-04-0657

Dear Mr. Post:

Recently, allegations have been made regarding the reliability and legality of Arizona Public Service's billing estimation practices. Those allegations have been leveled in the form of a formal complaint filed with the Commission for its consideration.

In my capacity as a Commissioner I am concerned that customers, both currently and going forward, not be subjected to billing estimation procedures that could result in overcharging by APS.

Therefore, I am asking that APS promptly provide to the docket the following information that would be helpful for my review of the case:

- A detailed description of your billing practices for demand customers, accompanied by proof that those practices have been approved by the Commission, including a description of APS' Customer Information System, or CIS and any documentation showing that CIS has been approved by the Commission.
- A detailed description of all changes made to your billing estimation practices within the last five years, when those changes were made and whether those changes were approved by the Commission, along with any documentation showing such approval.
- A copy of a memo written Nov. 30, 2000 by Janet Smith to Cynthia Janka, referencing a change to APS' billing methodology. As to the change referred to in this memo, please document when the Commission specifically approved the change.
- Copies of emails or memos between APS employees on or around June 19, 2002 regarding changes to the company's billing estimation practices.

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I agree with Commissioner Mundell that this is a serious matter and that it should be resolved prior to the resolution of the APS rate case. Commissioner Mundell suggests that ALJ Farmer should take this issue up during an upcoming rate case procedural conference. I concur, but I will also be requesting that a procedural conference be held to address APS billing estimate practices specifically, and that it be scheduled in the next two weeks, after your responses to this letter are filed in the docket.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'K Mayes', with a long horizontal flourish extending to the right.

Kris Mayes

Cc: Chairman Marc Spitzer  
Commissioner William Mundell  
Commissioner Mike Gleason  
Commissioner Jeff Hatch-Miller  
Ernest Johnson  
Brian McNeil